BUDGET 2024

Ascending in the new reality

KPMG in Singapore

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BUDGET 2024

Foreword

Singapore remains one of the world's most competitive and attractive economies, and rightfully so. Despite the macroeconomic and geopolitical uncertainty over the past year, Singapore's strong foundation – its political stability, robust fiscal policies, and competitive business landscape – has helped the country take decisive steps to weather these challenges. More importantly, as highlighted in Budget 2024, it is important for the nation to progress as one through the Forward Singapore programme despite the adversities ahead.

The Government has acknowledged that the outlook for 2024 is expected to be mixed, due to continued global conflict and disruption, resulting in an unpredictable macro environment as compared to the past decades. In such a climate, Singapore will also need to compete with other larger economies that may have more resources and influence to attract foreign direct investments.

Therefore, Singapore will need to tap into its strengths to overcome these difficulties. The Government has focused on supporting enterprises through the Enterprise Support Package and also ensured that individuals are supported in alleviating their immediate cost-of-living concerns through generous enhancements in the Assurance Package as well as support in light of the increased goods and services tax rate.

While these immediate concerns are tackled, Singapore will also need to plan ahead for its future. Capitalising on its long-standing reputation as a favourable hub location, the impending global tax changes are an important and timely impetus for Singapore to consider how its tax system can be reshaped in a fair, strategic and progressive way to attract diverse sources of investment and create a business-friendly environment. The introduction of the Refundable Investment Credit scheme and the changes made to the various tax incentives are good starts and Singapore will have to continue to explore other schemes in the near future to ensure it continues to remain attractive.

Strengthening Singapore's capabilities as a financial sector hub and expanding into emerging areas such as fintech and green finance is key in establishing Singapore's regional presence in a sustainable future.

Enhanced support for businesses to move towards greener operations will ensure that Singapore's enterprises will have an important role to play in the global value chain, as large organisations continue to become more cognisant of sustainability in a climate-conscious era. This is a golden opportunity for Singapore to gain a prominent presence internationally in this area. Singapore will need to press on in taking advantage of opportunities to fuel the climate transition and act as a leader in creating greener pathways for the region, while nudging its own enterprises to prioritise sustainability.

As a service economy, Singapore's world-class talent pool also makes the country a prime contender in a knowledge-driven and environmentally conscious era. The country's wealth of knowledge and world-class infrastructure is an opportunity to take the lead in high-potential areas of growth, such as in emerging technologies, intellectual property protection, and R&D, demonstrating its viability as a destination in which companies can thrive in a robust and innovative ecosystem.

Budget 2024 has expanded on these opportunities, paving the way for Singapore to transform into a formidable business hub supported by a strong and diverse talent pool. Budget 2024 has also shown the Government's recognition in grooming talent in an Artificial Intelligence (AI) conversant future. Incentives and credits to enable Singaporeans to train, upskill and even gain a diploma in emerging areas will equip Singapore's enterprises and people with the competencies to rise up to the challenges in a more disruptive world.

Measures announced in this Budget 2024 reveal the Government's commitment to marrying a strong economy and a strong society, refreshing the Nation's social compact in a new reality. The road ahead will not be easy, but Budget 2024 has laid down the path to move forward and sharpen the country's value proposition to future proof its economy, businesses, and people.

Lee Sze Yeng
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BUDGET 2024

Ascending in the new reality

Singapore's Budget 2024 highlights a crucial narrative about our country’s adaptability in a shifting global landscape.

Despite economic fluctuations and geopolitical tensions, Singapore is constructing a robust foundation for future prosperity with the 'Forward Singapore' plan, focusing on innovation, sustainability and resilience.

Against the backdrop of a complex environment and the need to grow and thrive in this new reality, we present KPMG's insights on the three key themes that emerge from Budget 2024.

BUDGET 2024

Securing growth as a globally competitive and innovative economy

Singapore's reputation as an attractive business environment is well-earned, thanks to its pro-business environment, progressive tax policies and strategic initiatives that foster innovation. The country's agility in adapting to global shifts such as the global minimum tax rate of 15 percent, signifies its responsiveness by moving in tandem with international developments.

With the impending implementation of the Base Erosion and Profit Shifting (BEPS) Pillar Two rules, Singapore's Budget 2024 has provided clarity on Singapore's plans to introduce the Income Inclusion Rule (IIR) and Domestic Top-up Tax (DTT) with effect from 1 January 2025.

A key highlight of the Budget is the introduction of the Refundable Investment Credit (RIC) scheme. This scheme provides enterprises with tax credits on qualifying expenditures such as manpower costs, capital expenditure, freight and logistics costs, and professional fees, amongst others. The RIC scheme seeks to enhance Singapore's attractiveness for investments and encourage businesses to invest in high-value and substantive economic activities such as investing in new productive capacity, expanding or establishing headquarter activities or carrying out research and development and innovation activities, amongst others.

In line with the need for Singapore to remain competitive, the Government has announced its plan to invest over S$1 billion in the next five years into fostering talent and industry development in the area of AI. Furthermore, partnering with leading companies to establish AI centres of excellence will catalyse innovation and reinforce Singapore's position at the forefront of technological advancements.

► Securing growth as a globally competitive and innovative economy

However, Singapore's strategy extends beyond maintaining a vibrant business landscape. The nation is committed to identifying new value propositions and growth avenues while providing robust support for its enterprises amidst rising costs. This delicate balance is managed through strategic financial incentives and a steadfast commitment to fostering innovation.

This commitment to innovation is further underscored by Singapore's aspiration to deepen its innovation footprint. Acknowledging the crucial role of innovation, the Government has charted bold strategies to cultivate an ecosystem that nurtures and safeguards knowledge capital. This strategic approach ensures businesses and individuals are equipped with the necessary resources to thrive in an AI-powered future.

The planned S$3 billion investment in Research, Innovation and Enterprise 2025 (RIE 2025) further underscores the Government's commitment to advancing as a knowledge-based economy. This investment aims to ensure that spending on R&D and innovation activities will sustain at about 1 percent of GDP. Businesses should leverage this targeted support to enhance productivity, develop new products or solutions, and keep pace with technological advancements.

Furthermore, the Government's investment in local enterprises through the enhanced Partnership in Capability Transformation (PACT) allows businesses to raise their capabilities, drive co-innovation, and plug into global supply chains as they enhance their collaborations with multinational enterprises (MNEs). This will eventually enable local enterprises to compete in overseas markets and emerge as industry leaders.

Increased sight and support for growth sectors will also boost economic and business growth. For instance, the Government's proposed S$2 billion top-up to the Financial Sector Development Fund will cement Singapore’s lead in the financial sector. By focusing on core areas such as banking, capital markets, and asset management, and building capabilities in emerging sectors like fintech and green finance, Singapore continues to extend its lead as a financial services hub. Businesses correspondingly can capitalise on these opportunities to extend their influence and markets.

In conclusion, these initiatives offer businesses exceptional opportunities for growth, innovation, and global competitiveness. By leveraging these incentives, businesses can contribute to Singapore's transformation into a world-class R&D hub, create value, and compete globally.

The call to action for enterprises is clear: seize these opportunities, invest in innovation and growth, and be part of Singapore's success story.

BUDGET 2024

Pivoting towards a sustainable future

Singapore has taken bold and decisive steps in the past years to signal its commitment towards net zero. Beyond environmental protection, the green economy has also been identified as a promising area for growth and a critical avenue to attract quality investments. The Budget measures promise to further drive this momentum through enhancing the sustainability capabilities of businesses.

With rising costs a perennial concern, the new S$1.3 billion Enterprise Support Package, which includes a corporate income tax rebate of 50 percent capped at S$40,000, will alleviate some of the financial burdens hindering business growth. This ensures that businesses will not be hampered by short-term cashflow issues. Notably, this is one of the highest rebates announced in recent years.

Beyond costs, achieving Singapore's ambitious green goals will require close collaboration across the entire ecosystem. While Singapore businesses are willing partners in the green transformation, many are keen for greater Government support to help them sustain these efforts amid economic uncertainties.

The enhancements to the Enterprise Financing Scheme will facilitate ready access to financing and capital for businesses looking to capture new areas of growth, while the expansion of the Energy Efficiency Grant (EEG) to a wider range of sectors, such as maritime and construction, should encourage more companies to invest in sustainable solutions. By providing two tiers of support, the EEG will meet the needs of businesses who may already be ahead in their transformation. With more enterprises seeking to reduce their carbon emissions, this will also enable them to partner with suppliers with an equally stringent focus on sustainability.

► Pivoting towards a sustainable future

Backed by its strong financial ecosystem and trusted governance, Singapore is in a prime position to spearhead the net-zero transition. The S$5 billion Future Energy Fund will provide much-needed funding to build critical infrastructure for a low-carbon economy, including the scaling up of hydrogen generation and deployment. This will solidify Singapore's energy security while positioning local businesses for green innovation opportunities here and in the region.

That said, there is scope for Singapore to further fortify its regional stewardship in this area, including deeper engagements with international organisations and neighbouring countries to drive the sharing of vital knowledge, capabilities and best practices.

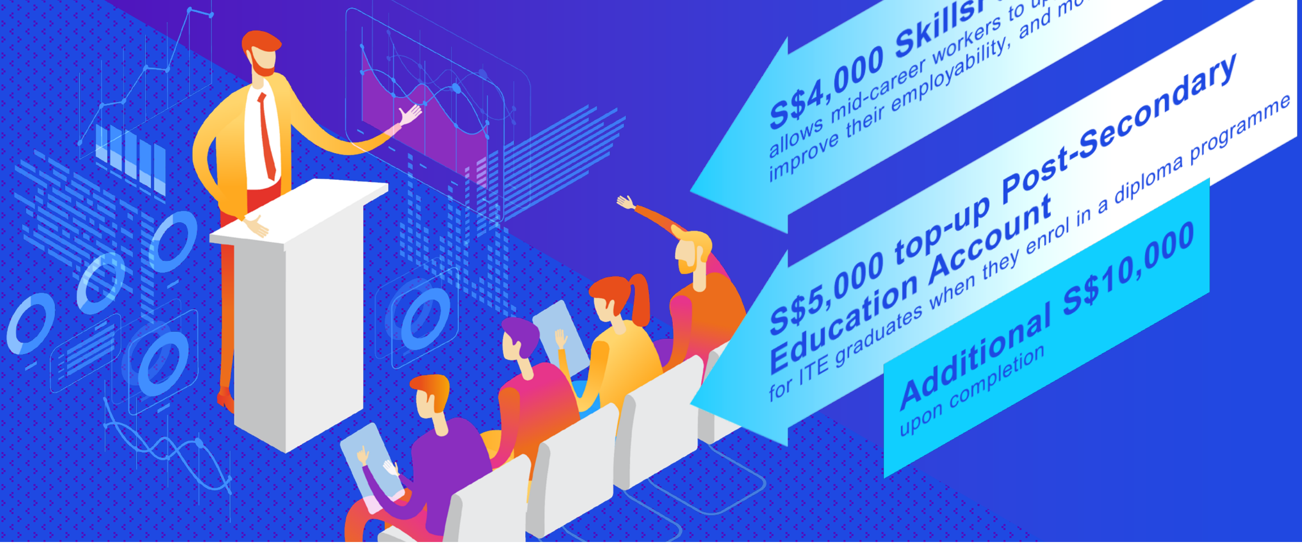
To ensure a reliable and steady flow of capital, especially for projects with a higher risk profile due to their relative nascency, Singapore should also explore leveraging a tripartite partnership between the Government, the private sector and philanthropies to establish a blended finance hub.

As a leading financial hub, Singapore should play a bigger role in catalysing more funding for sustained and long-term climate action. Injecting funds to support strategic areas of growth, for example in the clean energy sector and in trade, will result in robust economic spin-off activities, such as the electric vehicle supply chain that could generate high-quality jobs for Singaporeans.

While Singapore's commitment to building a sustainable future has come across strongly, this will need to be paired with measures to consistently develop the green capabilities of Singapore enterprises in the near- to mid-term.

BUDGET 2024

Nurturing talent to thrive amid changes



Singapore's strength lies in its world-class, well-educated workforce. The Government has consistently focused on upskilling and reskilling this talent pool. With the Forward Singapore roadmap and Budget 2024, it is clear that our workforce needs to stay current and relevant. This is not just about local competitiveness; it is also about boosting global appeal and ensuring we have enough skilled professionals for new opportunities.

A key part of this effort is a S$1 billion infusion over the next five years into AI compute, talent and industry development. This will give businesses the resources they need to develop AI talent, crucial in a world where emerging technologies are becoming more important. As more economies become digital, roles like data scientists are growing. It is vital that Singapore equips its workforce with the skills to fill these roles, increasing our number of skilled professionals and enhancing Singapore's reputation globally.

Lifelong learning is another essential factor, even in times of inflation. The new SkillsFuture Level-Up Programme, which includes a S$4,000 SkillsFuture credit top-up, responds to this need. It allows mid-career workers to upgrade their skills, improve their employability, and move into new roles. In addition, all Singaporeans aged 40 and above will receive subsidies to pursue another full-time diploma at polytechnics, Institutes of Technical Education (ITEs), or arts institutions.

By building on the established SkillsFuture ecosystem, Singapore can further encourage lifelong learning and deepen the capabilities of its workforce. Businesses stand to benefit from an increased pool of talent ready to dive into high-growth sectors. Extending the SkillsFuture Enterprise Credit to 30 June 2025 will also provide enterprises with additional credit to cover expenses while transforming their workforce and operations.

Budget 2024 also acknowledges the need to develop human capital from all angles. Offering ITE graduates a S$5,000 top-up to their Post-Secondary Education Account when they enrol in a diploma programme, with an additional S$10,000 upon completion, shows the Government's commitment to creating multiple pathways to success. This investment will inject more skilled talent into the marketplace, contributing to a regionally competitive workforce.

In conclusion, Budget 2024 demonstrates Singapore’s holistic approach to investing in human capital. By focusing on growing the local talent pool and encouraging lifelong learning, Singapore is well-prepared to tackle evolving challenges with a resilient, agile and relevant workforce.

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BEPS - Pillar Two

► KPMG's insights on the Pillar Two announcements

When Singapore first announced its plans to adopt Pillar Two - Global Minimum Tax rules on or after 1 January 2025 in Budget 2023, it was touted as the "game changer" country which led to other jurisdictions such as Hong Kong, Malaysia and Thailand following suit. This butterfly effect created two waves of implementation for Pillar Two in 2024 and 2025 respectively for different jurisdictions. Even Switzerland, which originally intended to implement the Income Inclusion Rule (IIR) in 2024, delayed its implementation of IIR to 2025 so as to stay competitive against investment hubs in Asia. This goes to show the intensity of competition, and with the implementation of Pillar Two, how can Singapore, which has traditionally used tax incentives as one of the tools to attract foreign investments, stay ahead of the game?

Like what Deputy Prime Minister and Minister for Finance Mr Lawrence Wong said, this is not the first time Singapore has found itself in such a situation. Since Singapore's independence, the country has had to adjust to all sorts of external disruptions and shocks. Pillar Two is no different. As we can see from Budget 2024, Singapore has already started to adapt to Pillar Two by significantly adjusting its corporate tax system to maintain its competitive edge (within the boundaries of Pillar Two). In addition, the message from the Singapore Government to multinational enterprises (MNEs) in this Budget is very clear – whatever additional tax revenues obtained from Pillar Two will be reinvested for Singapore to stay competitive in a post-BEPS world, and Singapore does not expect to generate net revenue gains on a sustained basis.

► So how does Singapore intend to stay competitive within the boundaries of Pillar Two?

Optimising tax outcomes under Pillar Two

The first investment promotion toolkit launched by the Singapore Government is the Refundable Investment Credit scheme. These credits are offset against corporate income tax payable, and any unutilized credits will be refunded to the company in cash within four years from when the company satisfies the conditions for receiving the credits. This Refundable Investment Credit scheme is consistent with the "Qualified Refundable Tax Credits" under the Pillar Two rules and comes as no surprise – countries such as Ireland, Hungary, Belgium have similarly tweaked their tax systems to ensure their tax credits satisfy the conditions of Pillar Two "Qualified Refundable Tax Credits". The issuance of these credits (versus normal tax credits) may lead to a lower likelihood of top-up tax liability under the Pillar Two rules, therefore attracting MNEs to invest in these jurisdictions post-BEPS.

Similar to Bermuda, we expect the Singapore Government to continuously amend the corporate tax system to ensure MNEs obtain the most favorable tax outcome within the boundaries of Pillar Two – for example, introducing tax re-organisation rules in line with Pillar Two GloBE Reorganisation, which will provide for tax deferrals on gains arising from qualifying re-organisations.

► So how does Singapore intend to stay competitive within the boundaries of Pillar Two?

Enhancing tax certainty under Pillar Two and easing compliance burden

In addition, Singapore's confirmation of its implementation of the IIR and Domestic Top-up Tax (DTT) on or after 1 January 2025 is a welcomed relief for Singapore parented MNEs with European or Korean entities within the group, given that these jurisdictions have substantively enacted the Undertaxed Profits Rule (UTPR) starting 1 January 2025. To the extent no top-up tax is collected under the IIR or DTT mechanism in Singapore in 2025, the UTPR will kick in as a back-stop mechanism for these Singapore parented MNEs. From a practical perspective, as there is no clear guidance by the Organisation of Economic Co-operation and Development (OECD) on the application of UTPR at this juncture, there is potential double taxation for the MNEs if jurisdictions were to disagree with the UTPR allocation methodology. With the confirmation of Singapore's IIR and DTT implementation, the UTPRs enacted in Europe and Korea are not expected to apply, and this definitely enhances tax certainty for Singapore parented MNEs.

Lastly, the introduction of a new concessionary tax rate of 15% for Singapore tax incentive schemes such as the Development and Expansion Incentive, Intellectual Property Development Incentive, and Global Trader Programme Incentive provides tax certainty for foreign-parented MNEs with Controlled Foreign Company (CFC) regimes. Japan and Ireland have announced that DTTs will be creditable under their CFC regimes. However, for other jurisdictions (e.g. the US), there is no certainty on the granting of foreign tax credits for DTTs at this juncture, whereas a domestic corporate income tax paid would clearly be creditable. Therefore, by providing this option of a 15% concessionary tax rate, it alleviates the concern of potential double taxation for foreign-parented MNEs and enhances the competitiveness of Singapore's tax incentive regime. In addition, the introduction of 10% rate for the Finance and Treasury Centre incentive and Aircraft Leasing Scheme will ensure that the Pillar Two Subject to Tax Rule (STTR), which requires an item of income to be subject to a nominal rate of 9% in the recipient jurisdiction, will clearly not apply. This eases the compliance burden for companies enjoying such tax incentives. The introduction of an alternative basis of tax where the qualifying income of qualifying shipping entities under certain Maritime Sector Incentive sub-schemes is taxed by reference to the net tonnage of the ships will also help affected entities manage the potential impact from STTR.

Tax Changes

Income Inclusion Rule (IIR) and Domestic Top-up Tax (DTT) under BEPS Pillar Two Rules

- Singapore will implement IIR and DTT, which will impose a minimum effective tax rate of 15% on profits of large businesses from financial years starting on or after 1 January 2025
- Will apply to relevant multinational enterprise (MNE) groups with annual group revenue of €750million or more in at least two of four preceding financial years ("in-scope MNE groups")
  - IIR will apply to in-scope MNE groups that are parented in Singapore, in respect of profits of group entities operating outside Singapore
  - DTT will apply to in-scope MNE groups in respect of profits of groups entities operating in Singapore

Introduction of Additional Concessionary Tax Rate (CTR) Tier for Various Incentives

- Introduced with effect from 17 February 2024
- Additional CTR tier of 10% for:
  - Finance and Treasury Centre incentive
  - Aircraft Leasing Scheme
- Additional CTR tier of 15% for:
  - Development and Expansion Incentive
  - Intellectual Property Development Incentive
  - Global Trader Programme
- EDB and EnterpriseSG will provide further details by 30 June 2024

Fund Tax Incentive Schemes

- Fund tax incentive schemes under Sections 13D, 13O and 13U; as well as the withholding tax exemptions and GST remissions for such qualifying funds have been extended till 31 December 2029
- Section 13O Scheme which is currently only available to Singapore resident companies, will include Singapore limited partnerships as well
- The economic criteria (such as fund size and business spending) for qualifying funds under all three schemes will be revised
- Key changes will take effect from 1 January 2025, with details to be announced by the MAS by 30 September 2024

Refundable Investment Credit (RIC) Scheme to Attract Substantive, High-Value Economic Activities

- To be awarded in respect of a qualifying project with period up to 10 years
- Support projects include investing in new productive capacity, expanding or establishing headquarter and / or commodity trading activities, R&D and solutions with decarbonisation objectives
- Up to 50% of support on each qualifying expenditure category
- Credits to be offset against corporate income tax payable
- Unutilised credits will be refunded in cash within 4 years
- Consistent with Qualified Refundable Tax Credits under BEPS Pillar Two rules
- To be awarded by the Economic Development Board (EDB) and Enterprise Singapore (EnterpriseSG)
- EDB and EnterpriseSG will provide further details by 30 September 2024

Alternative basis of tax for selected Maritime Sector Incentive (MSI) sub-schemes

- Introduction of an alternative basis of tax for selected MSI sub-schemes, where qualifying income is taxed with reference to net tonnage from YA 2024
- Will apply to the following MSI sub-schemes:
  - MSI-Shipping Enterprise (Singapore Registry of Ship)
  - MSI-Approved International Shipping Enterprise
  - MSI-Maritime Leasing (Ship)
- Existing tax treatment under the relevant MSI sub-schemes will continue to apply to MSI entities that are not under the alternative net tonnage basis of tax
- Maritime and Port Authority of Singapore will provide further details by 30 September 2024

Tax Changes (continued)

Corporate Income Tax (CIT) Rebate for Year of Assessment (YA) 2024

- CIT Rebate of 50% of tax payable will be granted for YA 2024
- Companies with at least 1 local employee in 2023 will receive minimum benefit of S$2,000 in cash payout ("CIT Rebate Cash Grant")
- CIT Rebate Cash Grant is not taxable
- Eligible companies may receive:
  i. CIT Rebate Cash Grant by 30 September 2024; and/or
  ii. CIT Rebate, less any CIT Rebate Cash Grant received, after filing of their CIT returns for YA 2024
- Maximum total benefits of CIT Rebate and CIT Rebate Cash Grant is S$40,000

Extension of Energy Efficiency Grant (EEG) to Include Wider Sectors

- Extended to include manufacturing, construction, maritime, and data centres
- Companies registered and operating in Singapore with (i) at least 30% local shareholding, (ii) at least one local employee, and (iii) group annual sales turnover of no more than S$500 million will be eligible for support under the EEG
- Base tier provides up to S$30,000 grant for pre-approved energy-efficient (EE) equipment
- Advanced tier provides up to S$350,000 grant for non pre-approved EE equipment that can deliver energy savings above 350t lifetime carbon abatement

Personal Income Tax Rebate

- Personal income tax rebate of 50% of tax payable will be granted to resident individuals for YA 2024, capped at S$200

Enhancements to Tax Deduction for Renovation or Refurbishment (R&R) Expenditure from YA 2025

- Expand the scope of qualifying expenditure to include designer or professional fees
- Fix the relevant three-year period for computing the R&R expenditure cap, with the first three-year period being from YA 2025 to YA 2027
- Allow an option to claim R&R deductions in one YA, subject to the prevailing expenditure cap
- Inland Revenue Authority of Singapore (IRAS) will provide further details by 30 September 2024

Overseas Humanitarian Assistance Tax Deduction Scheme (OHAS)

- Individual and corporate donors will enjoy 100% tax deduction on qualifying overseas cash donations made through designated charities for emergency humanitarian assistance causes, subject to meeting qualifying conditions
- Tax deductions will be capped at 40% of donor's statutory income
- Unutilised tax deductions under OHAS cannot be carried forward to offset donor's income for subsequent year of assessment or transferred under the Group Relief System for any YA
- OHAS will be piloted for four years from 1 January 2025 to 31 December 2028
- IRAS will provide further details by 30 June 2024

CPF Contributions that attract Matched Retirement Savings Scheme (MRSS)

- Launched in 2021, the Government matches every dollar of cash top-ups made to the Retirement Account of eligible members aged 55 to 70 under the MRSS. The matching contribution is capped at S$600 per year
- From 1 January 2025, the age eligibility will be expanded to eligible members beyond 70 years old and the annual capping for the matching contribution will be increased from S$600 to S$2,000, subject to a lifetime cap of S$20,000

Adjustment to Annual Value (AV) Bands for Property Tax

- AV bands for owner-occupier residential property tax rates will be adjusted from 1 January 2025
- For instance, AV bands for lowest and highest marginal property tax rates are adjusted as follows:
  - AV below or equal to S$12,000 will be subject to property tax of 0%
  - AV above S$140,000 will be subject to highest property tax rate of 32%

GIRO Scheme for Residential Property (Retirees)

- To help retirees facing cash flow issues from residential property tax bill, they can apply to IRAS for interest-free GIRO instalment plan of up to 24 months, effective from property tax bill 2024, if:
  - property owner(s) are aged 65 and above;
  - the residential property is owner-occupied; and
  - applicant's assessable income does not exceed S$34,000

Income Threshold for Dependent-Related Reliefs

- With effect from YA 2025, annual income threshold for dependent-related reliefs will be increased from S$4,000 to S$8,000 per year
- Applicable reliefs are:
  - Spouse Relief
  - Parent Relief
  - Qualifying Child Relief
  - Working Mother's Child Relief
  - CPF Cash Top-up Relief to the CPF account of spouse or siblings
  - Grandparent Caregiver Relief
- For cash top-up made to CPF accounts of handicapped spouse / handicapped siblings / parents or parents-in-law / grandparents or grandparents-in-law, no income threshold applies on the dependents

New Additional Buyer's Stamp Duty (ABSD) Concession for Single Singapore Citizen (SC) Seniors

- Existing ABSD concession available to SC married couples buying a replacement residential property (RP) is extended to single SC seniors aged 55 and above for purchases of replacement private RP on or after 16 February 2024, subject to meeting conditions

Central Provident Fund (CPF) Contribution Rates for Senior Workers

- From 1 January 2025, CPF contribution rates for employees aged 55 to 65 will be increased by 1.5 percentage points
- Increase in contribution rates will be fully allocated to the CPF Special Account or Retirement Account to help senior workers save more for retirement
- A one-year CPF Transition Offset equivalent to 50% of the additional contribution will be automatically granted to employers to mitigate the increased business cost

Revisions to ABSD Remission Clawback Rates for Housing Developers (HDs)

- With effect from 16 February 2024, a reduction in ABSD clawback rates (of between 1 percentage point to 10 percentage points) will apply if (i) at least 90% of the units of the projects are sold by the 5-year sale timeline; and (ii) commencement and completion of works criteria are fulfilled for projects where the residential land was acquired on or after 6 July 2018
- ABSD remission clawback will continue to be subject to 5% interest per annum

Withdrawals

Concession for Royalty Income

- Currently, tax concession applies for royalty income received by individuals on literary, dramatic, musical or artistic work
- The concessionary tax treatment is to tax the lower of
  i. amount of royalties after allowable deductions and capital allowances; and
  ii. 10% of the gross royalties
- Concession will be withdrawn in phases from YA 2027. As part of the transition rules, eligible taxpayers could claim concession for YA 2027 (and YA 2028) based on the lower of:
  i. amount of royalties after allowable deductions and capital allowances; and
  ii. 40% of gross royalty for YA 2027 (and 70% of gross royalty for YA 2028)
- Concession will be fully phased out from YA 2029

CPF Relief for Contributions eligible for Matched Retirement Savings Scheme (MRSS)

- Tax relief will no longer apply to the contributor's cash top-ups that attract MRSS matching from YA 2026

Course Fee Relief

- Course fee relief of up to S$5,500 will lapse from YA 2026

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